

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-12 IO-14 ISO-00
L-03 FRB-01 OMB-01 ITC-01 SP-02 ICA-20 AGRE-00
AID-05 CIAE-00 COME-00 INR-10 LAB-04 NSAE-00
OIC-02 SIL-01 STR-07 TRSE-00 CEA-01 SS-15 CTME-00
/144 W

-----059539 181543Z /50

R 181518Z APR 78

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5241

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY DAR ES SALAAM

AMEMBASSY SAN SALVADOR

AMEMBASSY GUATEMALA

AMEMBASSY MEXICO

AMEMBASSY MANAGUA

AMEMBASSY BOGOTA

AMEMBASSY YAOUNDE

AMEMBASSY JAKARTA

AMEMBASSY ABIDJAN

AMEMBASSY KINSHASA

AMEMBASSY ADDIS ABABA

AMEMBASSY SAN JOSE

AMEMBASSY CANBERRA

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY BERN

USMISSION GENEVA

AMEMBASSY PORT MORESBY

AMEMBASSY CARACAS

AMEMBASSY PANAMA

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USEEC AND EMBASSY

E.O. 11652: N/A

TAGS: ETRD, EPAP, ICO

SUBJECT: COFFEE -- CERTIFICATE OF ORIGIN WORKING GROUP,

APRIL 3-12, 1978

1. A WORKING GROUP OF THE INTERNATIONAL COFFEE ORGANIZATION MET APRIL 3-12 TO CONSIDER THE DRAFT RULES FOR THE APPLICATION OF A SYSTEM OF CERTIFICATES OF ORIGIN WHEN QUOTAS ARE IN EFFECT. THESE RULES WILL GOVERN THE OPERATION OF COFFEE EXPORT CONTROLS ONCE PRICES FALL BELOW THE TRIGGER POINT FOR THE INTRODUCTION OF QUOTAS. THE DISCUSSIONS WERE HIGHLY TECHNICAL. GROUP MEMBERS PLODDED THROUGH THE MANY DIFFICULTIES IN TRYING TO DESIGN UNIFORM CONTROL PROCEDURES TO APPLY TO THE DIFFERENT CUSTOMS AND TRADING PRACTICES OF THE OVER SIXTY MEMBERS OF THE AGREEMENT. GOOD PROGRESS WAS MADE IN SORTING OUT THE PROBLEMS AND PREPARING THE GROUNDWORK FOR A REVISED SET OF RULES. THESE WILL BE CONSIDERED IN ANOTHER MEETING OF THE WORKING GROUP AND THEN BE PASSED TO THE EXECUTIVE BOARD AND THE COUNCIL FOR ADOPTION.

2. THE CERTIFICATES OF ORIGIN SYSTEM NOW IN OPERATION WITH QUOTAS IN SUSPENSE SIMPLY TRACKS THE FLOW OF COFFEE IN WORLD TRADE. THIS INFORMATION WILL BE USED TO CALCULATE QUOTAS. THE CERTIFICATES OF ORIGIN UNDER CONSIDERATION IN THIS WORKING GROUP WILL CONTROL THE EXPORT OF COFFEE ONCE QUOTAS ARE TRIGGERED. IT WILL ENFORCE THE LIMITS ON THE VOLUME OF COFFEE SHIPPED BY EACH EXPORTING COUNTRY. EACH EXPORTING COUNTRY WILL RECEIVE STAMPS

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TO COVER DENOMINATIONS OF COFFEE UP TO ITS EXPORT TITLEMENT. THESE STAMPS WILL BE PLACED ON CERTIFICATES WHICH WILL ACCOMPANY EACH COFFEE SHIPMENT. IMPORTING COUNTRIES WILL PROHIBIT THE ENTRY OF COFFEE NOT CERTIFIED BY SUCH A VALID CERTIFICATE. THIS WILL KEEP MEMBER EXPORTING COUNTRIES FROM EXCEEDING THEIR QUOTAS. IMPORTERS WILL ALSO NOT ACCEPT COFFEE FROM NON-MEMBER EXPORTERS WHICH HAVE SHIPPED MORE THAN THEIR AVERAGE EXPORTS IN PREVIOUS YEARS. IMPORTING MEMBERS THUS BEAR THE RESPONSIBILITY FOR POLICING COMPLIANCE WITH QUOTAS.

3. THE MAIN ISSUES IN THESE DISCUSSIONS INCLUDED:
A) TRANSHIPMENTS: LARGE AMOUNTS OF COFFEE ARE OFTEN RE-SHIPPED ONCE THEY ENTER THE TERRITORY OF IMPORTING COUNTRIES. IN THE 1968 AGREEMENT, THESE WERE COVERED BY RE-EXPORT CERTIFICATES, IF THE COFFEE HAD COME UNDER CUSTOMS CONTROL, OR BY TRANSIT CERTIFICATES, IF IT HAD MOVED FROM FREE PORTS AND NOT COME UNDER CUSTOMS CONTROL. THE SECRETARIAT HAD PROPOSED AN ADDITIONAL CERTIFICATE TO COVER COFFEE SHIPMENTS SPLIT WHILE STILL AFLOAT, BUT THIS WAS NOT ACCEPTED. THE GROUP SUGGESTED INSTEAD RELIANCE ON THE FIRST TWO CERTIFICATES TO COVER SUCH

"SPLIT SHIPMENTS". IT ALSO ACCEPTED AN ITALIAN PROPOSAL TO ADD A RESHIPMENT CERTIFICATE TO COVER THE SPECIAL CASE OF COFFEE PLACED UNDER CUSTOMS CONTROL BUT NOT RELEASED (OR IMPORTED) FOR CONSUMPTION, BUT RATHER SUBSEQUENTLY RE-SHIPED.

B) STATUS OF THE EEC: THE EEC PROPOSED THAT AS A CUSTOMS UNION, EEC MEMBERS SHOULD NOT BE REQUIRED TO ISSUE RE-EXPORT CERTIFICATES FOR COFFEE TRADED WITHIN THE COMMUNITY. ITS POSITION WAS THAT MOVEMENTS OF COFFEE BETWEEN MEMBERS OF THE COMMUNITY WERE OF NO CONCERN TO THE ORGANIZATION - ONLY MOVEMENTS INTO AND OUT OF THE EEC. THIS DID NOT SIT AT ALL WELL WITH PRODUCERS, ESPECIALLY BRAZIL AND COLOMBIA, WHO FEARED THAT THE SECURITY OF THE CONTROL SYSTEM COULD BE UNDERMINED. A UNCLASSIFIED

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NEW PARAGRAPH INTRODUCED TOWARD THE END OF THE MEETING

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SEEKING TO GUARANTEE EFFECTIVE CONTROL FOR TRADE IN THE
EEC GAVE THEM LITTLE REASSURANCE.

C) MARKINGS ON BAGS: ONE OF THE ITEMS SUPPOSED TO
APPEAR ON EACH CERTIFICATE - THE ICO IDENTIFICATION MARK
- SHOULD ALSO BE STENCILLED ON EACH BAG OF COFFEE. THE
US AND THE UK SPOKESMEN PRESSED STRONGLY FOR INSTRUCTING
CUSTOMS AUTHORITIES TO NOTE ON THE CERTIFICATE IF THESE
BAG MARKINGS ARE ILLEGIBLE OR UNAVAILABLE BUT NOT TO
MAKE THIS GROUNDS FOR PREVENTING ENTRY OF COFFEE OTHER-
WISE COVERED BY A VALID CERTIFICATE, SINCE SUCH A PRO-
VISION COULD BE WIDELY DISRUPTIVE TO TRADE.

D) BILLS OF LADING: THE ORIGINAL DRAFT TEXT REQUIRED NOT
ONLY EXPORTERS TO FORWARD COPIES OF BILLS OF LADING TO
THE ICO BUT ALSO IMPORTERS TO DO THE SAME FOR COFFEE
FROM NON-MEMBERS. THE U.K. PUSHED FOR DROPPING BOTH

OUT ONLY AGAINST THE SECOND, NOTING THAT CUSTOMS WAS
PREVENTED BY LAW FROM RELEASING BILLS OF LADING TRUSTED
TO IT AND THAT ADEQUATE INFORMATION ON NON-MEMBER IMPORTS
COULD BE OBTAINED FROM OTHER SOURCES.

4. ON THE BASIS OF THESE DISCUSSIONS, THE SECRETARIAT
WILL PREPARE A NEW DRAFT TEXT WHICH WILL BE SUBMITTED TO
THE WORKING GROUP FOR ANOTHER REVIEW. THE NEXT
EXECUTIVE BOARD, MEETING MAY 8-10, WILL DECIDE WHEN THE
GROUP WILL RECONVENE, PROBABLY SOMETIME IN JUNE. AFTER

THAT, THE RULES WILL GO AGAIN TO THE BOARD IN LATE JUNE
FOR APPROVAL.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, CERTIFICATES OF ORIGIN, COMMITTEE MEETINGS, INTERNATIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LONDON06026
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780165-1144
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780446/aaaabmiv.tel
Line Count: 234
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 429407ac-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2934930
Secure: OPEN
Status: NATIVE
Subject: COFFEE -- CERTIFICATE OF ORIGIN WORKING GROUP, APRIL 3-12, 1978
TAGS: ETRD, EPAP, ICO
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/429407ac-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014